



# Nordic Aqua Partners

Q1 2023

May 2023

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# Agenda

■ Highlights and Nordic Aqua Partners in brief

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Project Review

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Market

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Assumptions and KPI's

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Financials

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Outlook & Summary

# Highlights

- Project development on time and on budget
- Good biological performance, first batch reached average weight of 400 g by mid May 2023
- Secured funding for Stage 2 expansion through NOK 300 million capital raise when operational result from 2024 and 2025 is included
- Signed agreement with AKVA group for Stage 2 RAS delivery
- Signed agreement with Chinese authorities for Stage 2 construction and infrastructure expansion
- Strengthening managerial competence and capacity through board expansion and new hiring
- Strong salmon price development to the Chinese market
- Accumulated Stage 1 CAPEX of NOK 83 million out of total NOK 455 million
- Available liquidity of NOK 610 million as of 31.03.2023, including cash and undrawn credit facilities



# Nordic Aqua Partners

– only producer of fresh Atlantic salmon in China



1. Stage 1 is fully financed, and will be completed within Q4 2023, with an annual capacity of 4,000 tonnes of Atlantic salmon
2. Stage II, adding another 4,000 tons annual capacity is also fully financed when cash from operations in 2024 and 2025 is included, and when completed in 2025 as scheduled, the total annual capacity will be 8,000 tonnes.
3. Existing plan for 20,000 tonnes and an ambition to reach 50,000 tonnes.
4. Uniquely located near Shanghai, with access to about 100 million consumers within 5 hours
5. World-class RAS team providing the best land-based salmon farming experience and know-how
6. Dedicated support from local authorities and leading industry players

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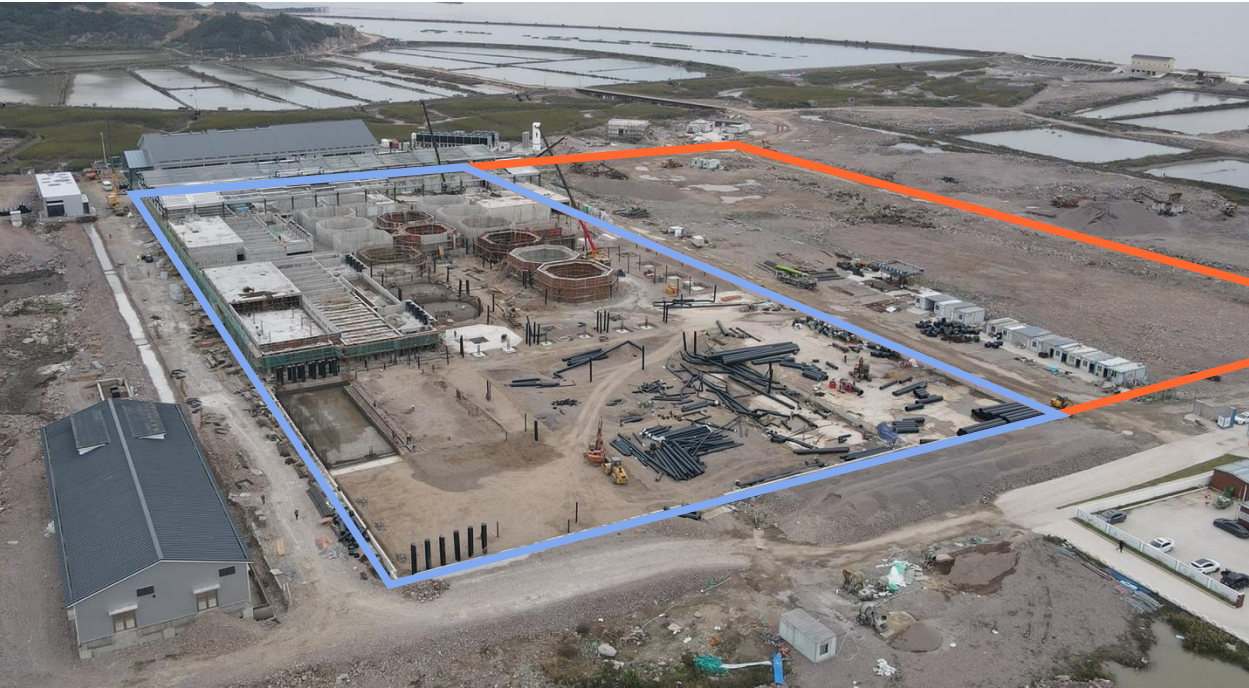
# Project status

- Project continues to develop on time and on budget
- Installation of RAS 5 completed in May, fish moved from RAS 4 to RAS 5 in May
- Installation of RAS 6 scheduled to be completed on schedule for fish transfer in Aug 2023
- Construction of RAS 7 to 9 facility in process as per plan
- Moved into new administration facility in May 2023



# Good progress at the construction site

Construction site November 2022



Construction site April 2023



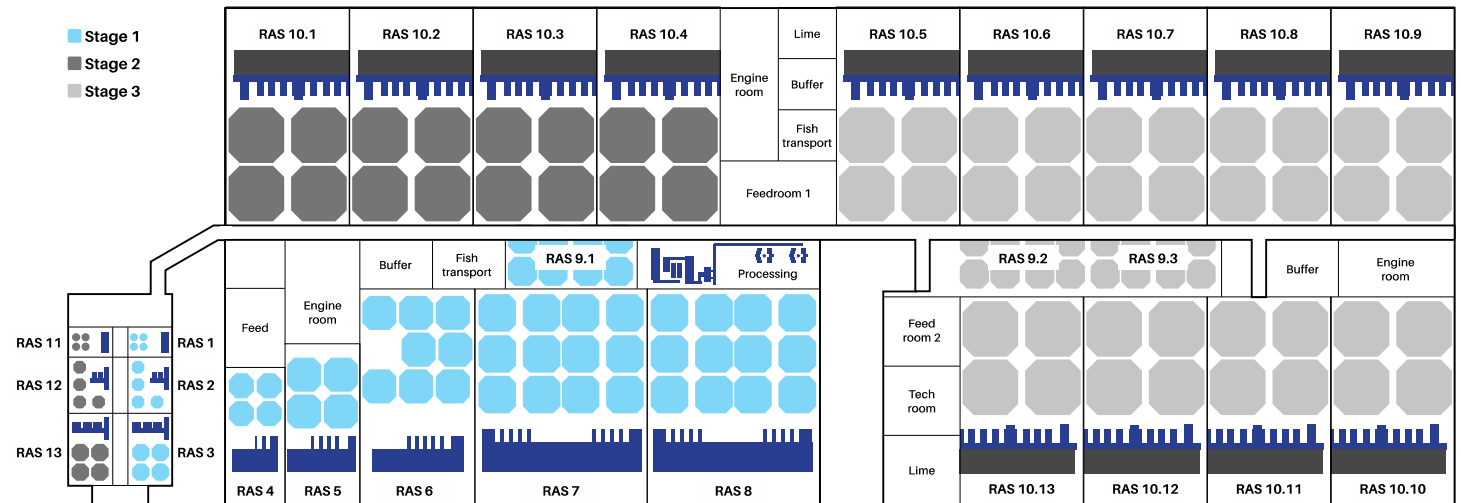
● Stage 1: 38k m<sup>2</sup>

● Stage 2: 19k m<sup>2</sup>



# Expanding to 8,000 tonnes planning for 20,000 tonnes

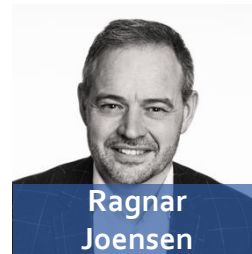
- Secured funding for Stage 2 expansion through NOK 300 million capital raise when operational result from 2024 and 2025 is included
- Signed agreement with AKVA group for Stage 2 RAS delivery
- Signed agreement with Chinese authorities for Stage 2 construction and infrastructure expansion
- Continue to plan for 20,000 tonnes expansion in stage 3



# Senior RAS-team in place

## Senior RAS management team

- Recruitment and training of local farming operators ongoing
- Currently 8 farming operators



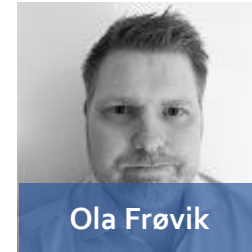
### Working Chairman

- >25 years of aquaculture experience
- Former MD of Mowi Norway and Global Head of Technology



### Assistant Farm Manager

- ~35 years of RAS experience
- Hiddenfjord, Danish Trout farming and Fiskaaling



### Farm Manager

- ~12 years of RAS experience
- Mowi, Vågåfossen Settefisk and Marineholmen RASLab



### Fish Health Manager

- ~20 years of experience as a veterinary and fish health professional
- Tassal, Aquachile, Blumar and Skretting



### RAS salmon expert

- >20 years salmon production with RAS
- Freshwater manager at Mowi & consulting for land-based projects

## Selected reference projects

### Faroe Islands - MOWI

Facility built by Mowi (former Marine Harvest) in 2017

Tank volume of 8,000 m<sup>3</sup> with production of 1,300 tonnes per year

**Ragnar Joensen and Johan Toftegaard responsible for design and construction with technology from AKVA Group**



### Norway - Tytlandsvik Aqua

Located in Rogaland with Grieg Seafood, Bremnes Seashore, and the Viga family as largest owners

Constructed on time and budget

Stage 1 production of 3,000 tonnes per year, stage 2 with 9,000 tonnes per year

**Ragnar Joensen jointly responsible for design and construction with technology from AKVA Group**



# Preparing for primary processing



## Processing Manager

- >20 years processing experience with Atlantic salmon
- Processing manager for several Faroese salmon companies



Photo: Marel



Entering contracts with suppliers of processing equipment



# Salmon under production at Gaotang

## Hatchery



Construction: **Completed**

Batch 1: Mar 2022

Batch 2: Jun 2022

Batch 3: Sep 2022

Batch 4: Dec 2022

Batch 5: Mar 2023

## RAS 1-2-3



Construction: **Completed**

Batch 1: May, Aug, and Nov 2022

Batch 2: Aug, Nov 2022, and Feb 2023

Batch 3: Nov 2022, Feb and May 2023

Batch 4: Feb and May 2023

## RAS 4-5-6



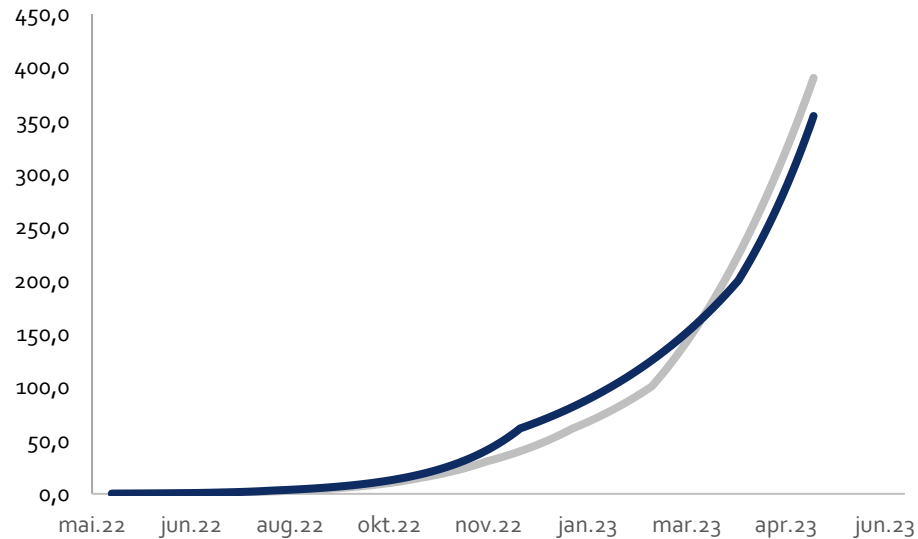
Construction: **RAS 4 and 5 Completed**    **RAS 6 Ongoing**

Batch 1: Feb and May 2023

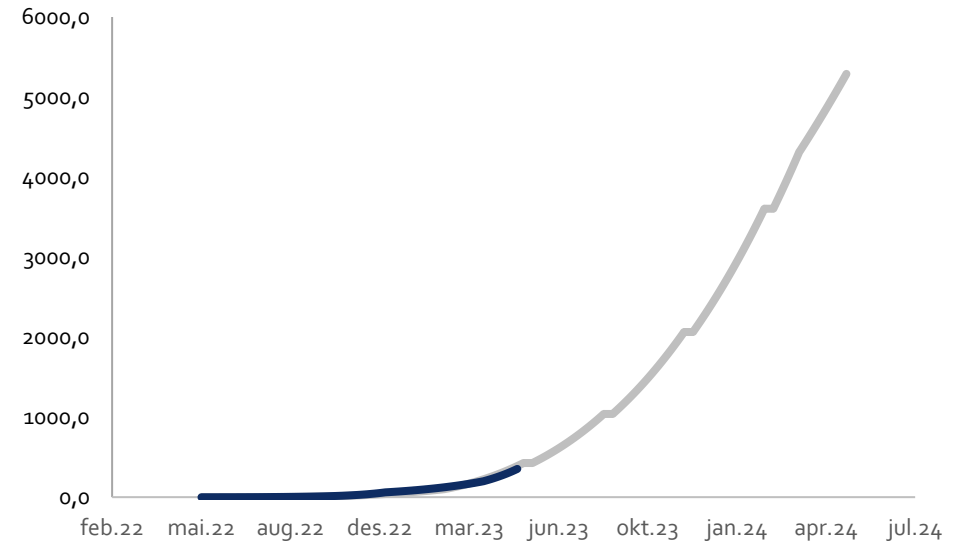
Batch 2: May 2023

# Biological performance as expected

## Batch 1 - Growth



## Batch 1 – Growth to harvest

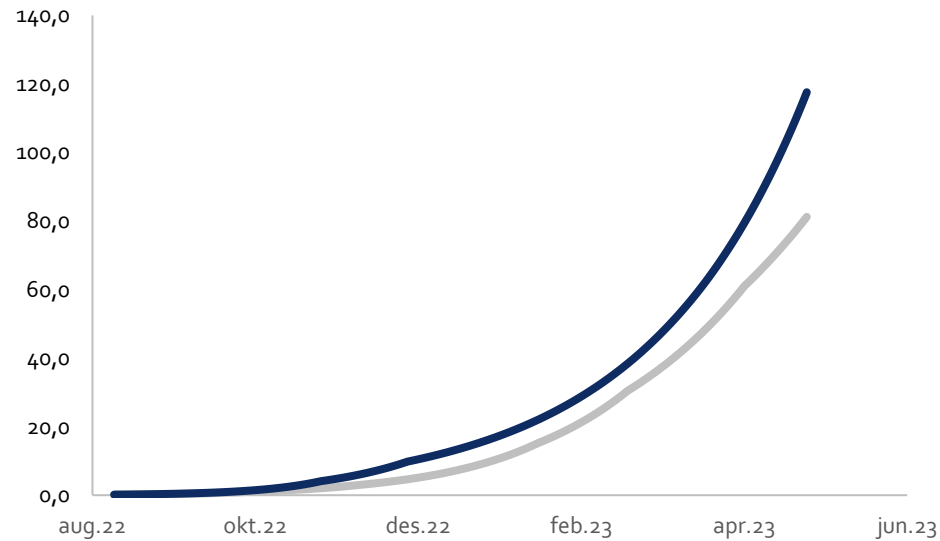


## Experience from production so far

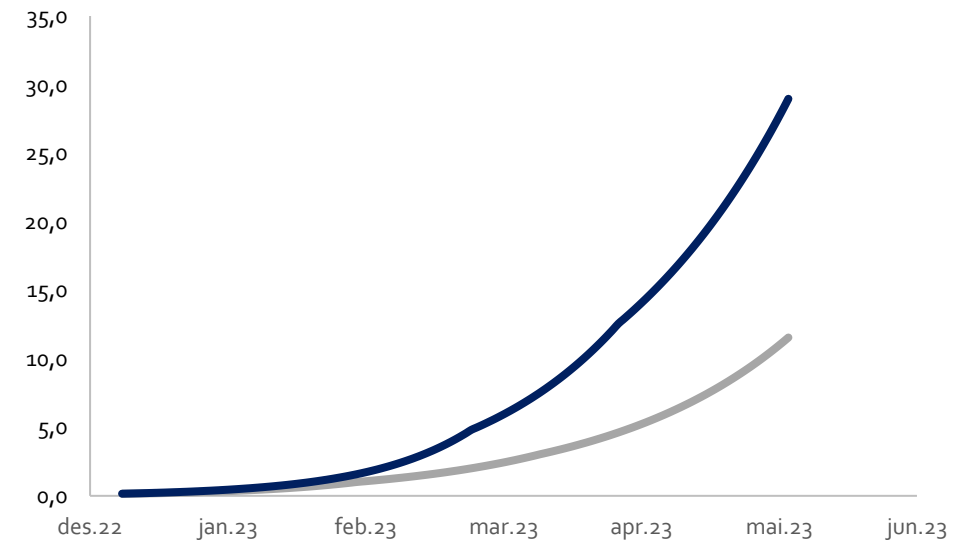
- Facility is performing well, confirming good dimensioning – high recirculation rate delivers clean water and good performance
- Able to run at higher density than budgeted while maintaining water quality and growth rate
- Survival better than expected

# Biological performance as expected

## Batch 2 - Growth



## Batch 3 – Growth



## Experience from production so far

- Facility is performing well, confirming good dimensioning – high recirculation rate delivers clean water and good performance
- Able to run at higher density than budgeted while maintaining water quality and growth rate
- Survival better than expected

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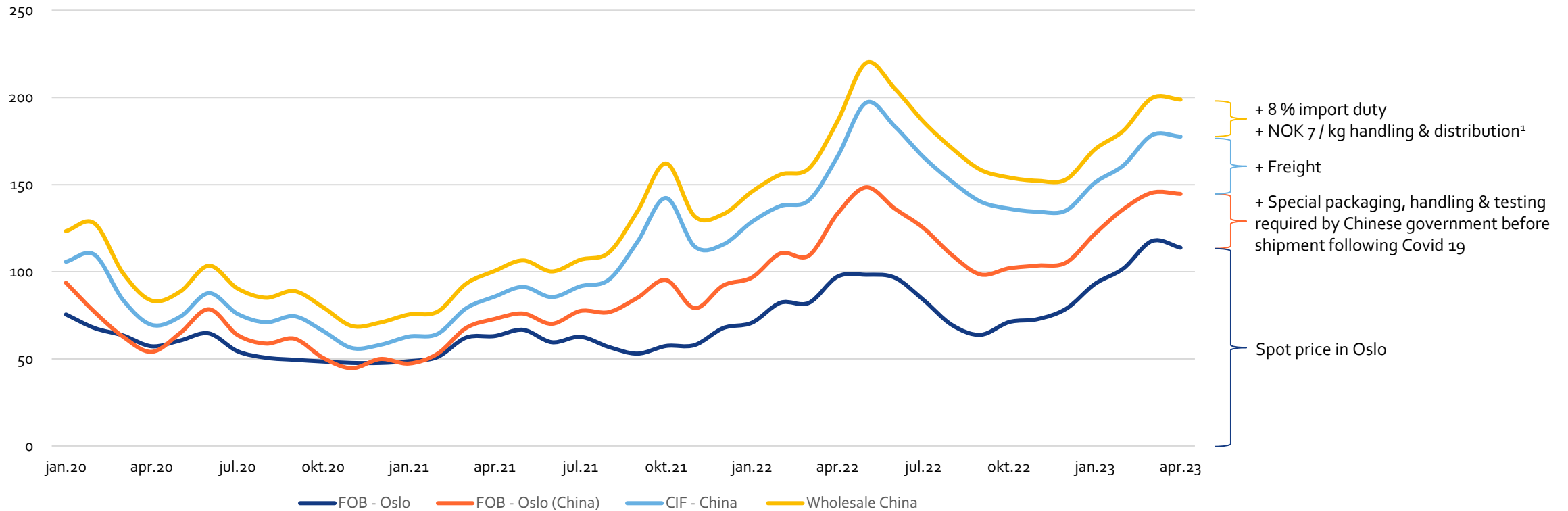
Outlook & Summary

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# Atlantic salmon in China is priced substantially above Oslo

## Development in Atlantic salmon price references from FOB Oslo to wholesale in China

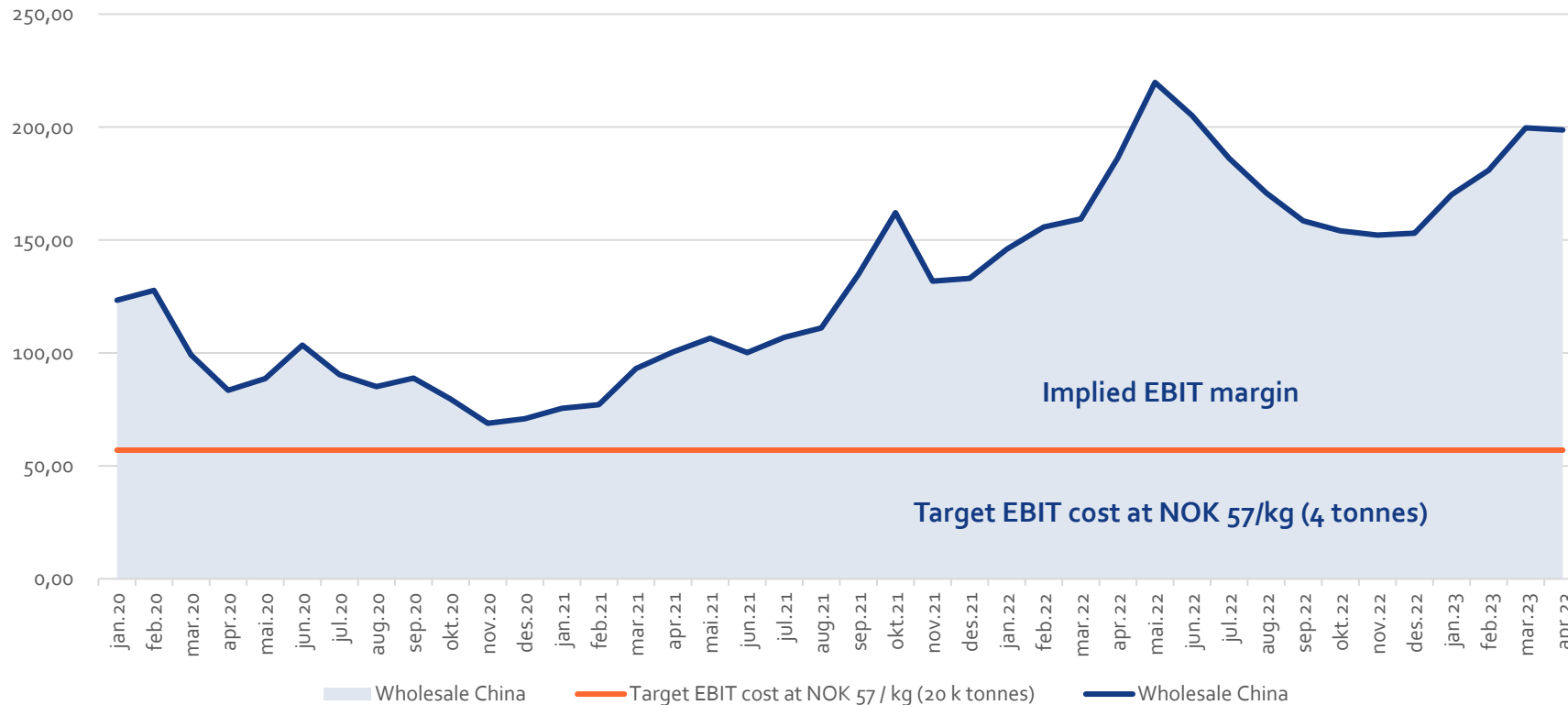
NOK / kg (HOG)





# Target production cost and local prices result in robust margins

Wholesale price in China and implied margin from target production cost NOK / kg (HOG)



Expect to see attractive margin in 2024, first year on full harvest capacity

- Average wholesale price in Q1 2023 has been NOK 184/kg, implying average NOAP margin of NOK 127/kg

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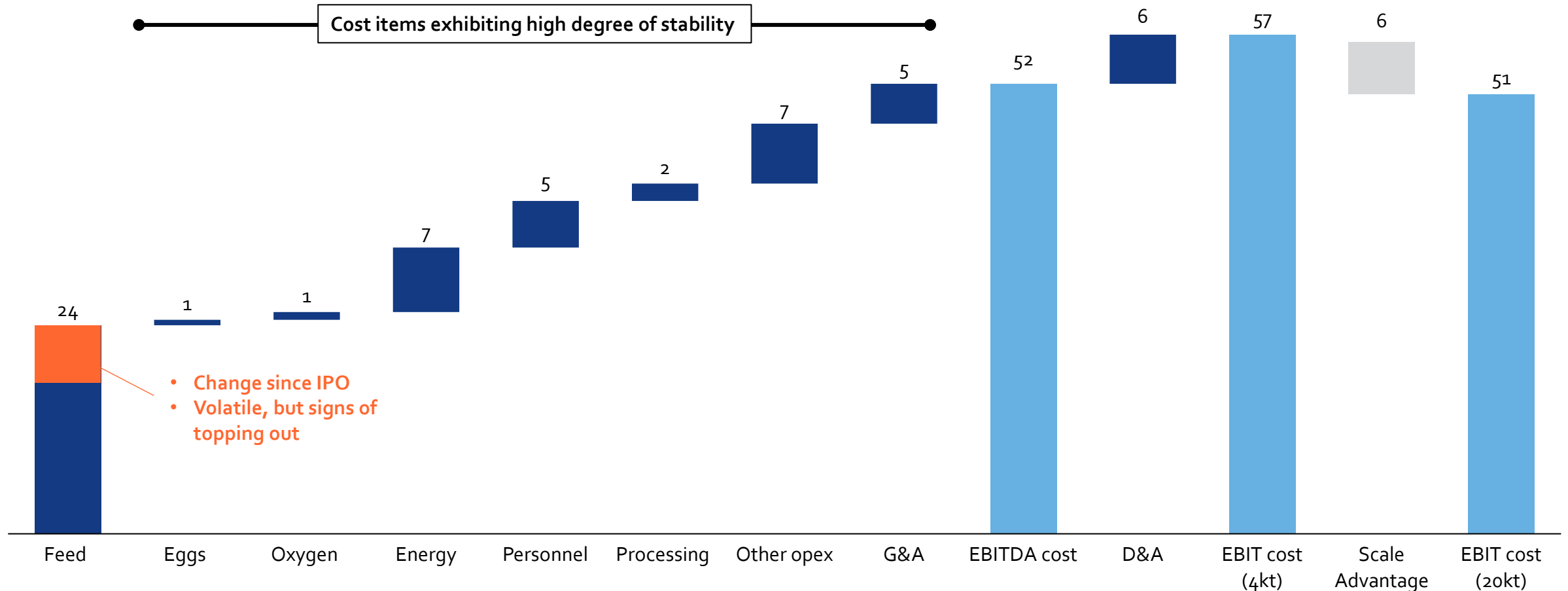
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Outlook & Summary

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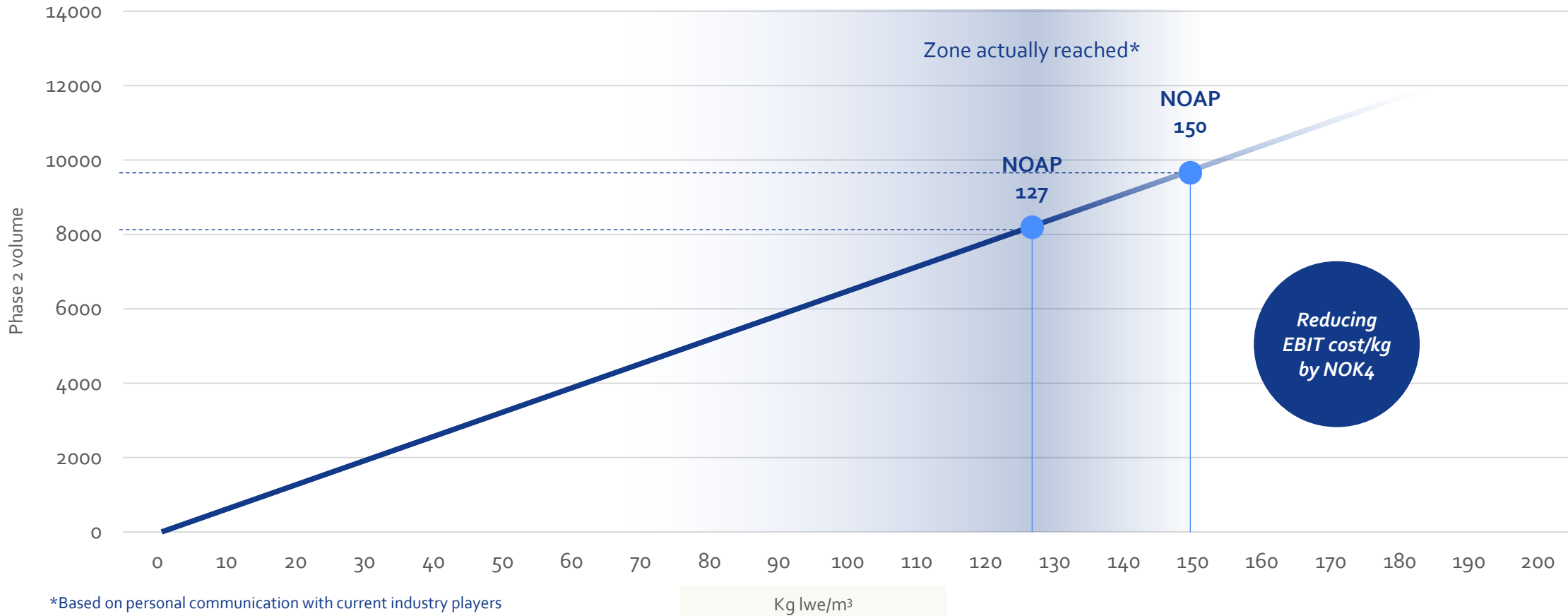
# Robust production cost profile with reductions driven by scale

Target production cost breakdown for stage 4,000 tonnes case (NOK/kg, HOG)



# Assumed production capacity

Stage 2 production volume for different kg (lwe) / m<sup>3</sup>



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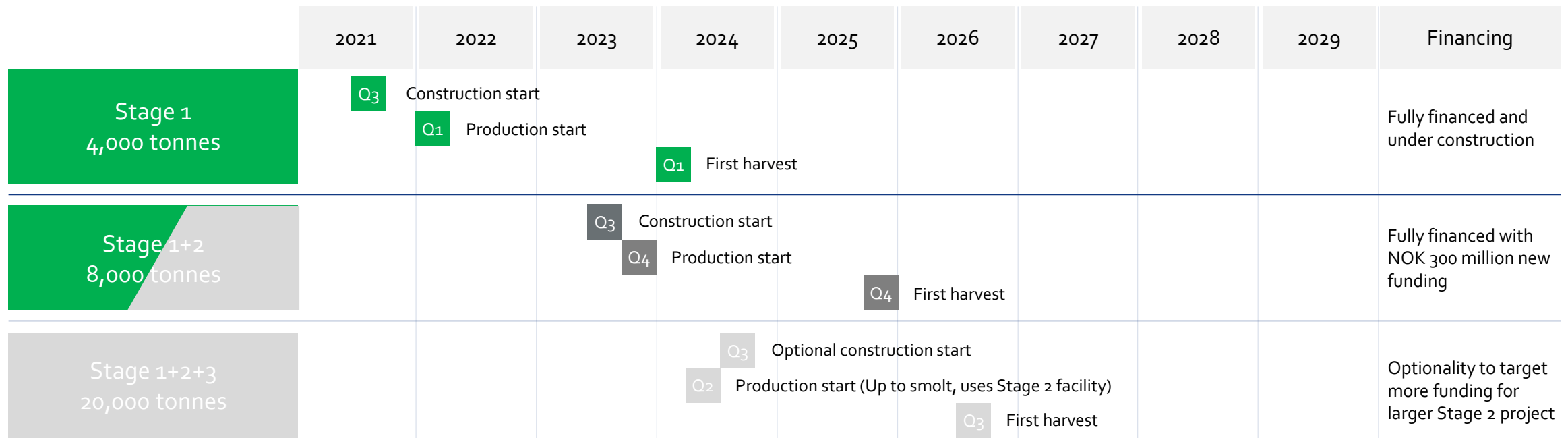
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Outlook & Summary

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# Timeline of Gaotang buildout

## TIMELINE IN GAOTANG BUILDOUT



# Attractive project economics

	Stage 1	Stage 1+2	Stage 1+2+3 (flexibility)
Annual volume tonnes (HOG)	4,000	8,000	20,000
RAS Capex** / kg (HOG)	125 NOK	134 NOK*	140 NOK*
Lease financed capex*** / kg (HOG)	45 NOK	43 NOK*	41 NOK*
WC / kg (HOG)	27 NOK	28 NOK	25 NOK
EBITDA cost**** / kg (HOG)	52 NOK	49 NOK	44 NOK
EBIT cost / kg**** (HOG)	57 NOK	58 NOK	51 NOK

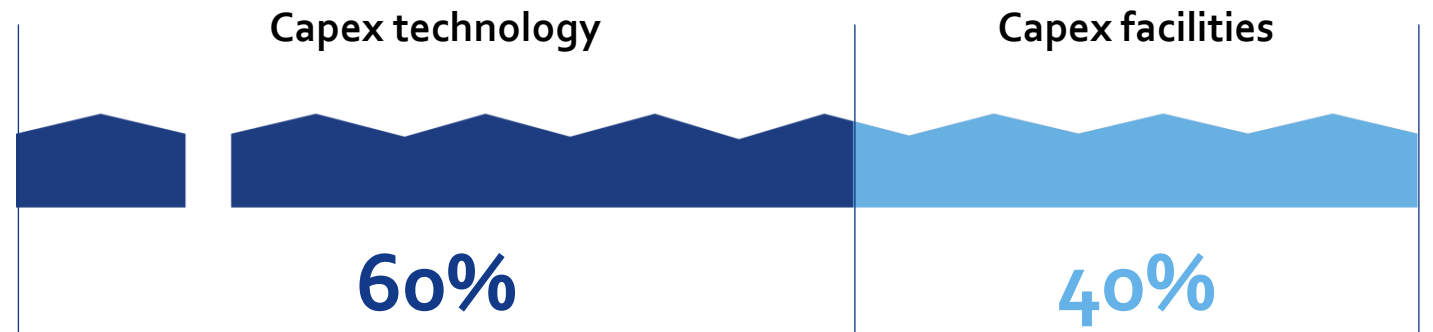
High local Atlantic salmon prices combined with competitive investment and cost level

- 1) Capex relates to RAS equipment, building excluded (leased)
- 2) Estimated capex financed under lease with local government
- 3) Assumed feed cost of NOK 24 / kg. HOG, compared with current price of 28 NOK / kg. HOG. Two years average of 21 NOK / kg. HOG
- 4) This overview is presented in NOK, because the salmon prices are settled in NOK.
- 5) HOG: Head-on-gutted

# Attractive lease with local government

## Lease agreement

- The leased facility corresponds to a capex/kg of NOK 40-45
- Adding capex for RAS equipment of NOK 134/kg, total capex would be NOK 175/kg





# Profit & Loss

(figures in DKK 1000)

	Q1 2023	Q1 2022
Other operating income	411	39
Other external expenses	-2.690	-1.232
<b>Gross profit/(Loss)</b>	<b>-2.280</b>	<b>-1.193</b>
Staff costs	-4.737	-3.520
<b>Operating profit/(loss) before depreciation</b>	<b>-7.016</b>	<b>-4.713</b>
Depreciations	-202	-110
<b>Operating profit/ (loss) before tax</b>	<b>-7.218</b>	<b>-4.823</b>
<b>Financial expense - net</b>	<b>-3.728</b>	<b>-1.955</b>
<b>Profit/loss before tax</b>	<b>-10.946</b>	<b>-6.778</b>
Income tax expense	0	0
<b>Profit/loss for the period</b>	<b>-10.946</b>	<b>-6.778</b>

- Financial performance according to plan and budget
- Personnel expenses driven by new hirings RAS experts and administration staff
- Financial expenses, commitment fee on the 25 MEUR loan and 3 DKKM in negative exchange deviations on the Inter Company Loan

# Financial Position

(figures in DKK 1000)

## Assets

	31/03/2023	31/03/2022
Assets under construction	326.972	133.790
Property, plant & equipment	6.099	1.495
Deposits	9.963	10.565
<b>Total non-current assets</b>	<b>343.033</b>	<b>145.850</b>
Biological assets (Biomass)	9.971	765
Other current receivables	11.493	13.825
Receivables	0	1.374
Cash and cash equivalents	218.325	252.810
<b>Total current assets</b>	<b>240.249</b>	<b>268.774</b>
<b>Total assets</b>	<b>583.282</b>	<b>414.624</b>

## Equity and liabilities

Share capital	14.899	10.284
Other equity	527.226	386.752
<b>Total equity</b>	<b>542.125</b>	<b>397.036</b>
Trade payables	38.242	13.315
Other current liabilities	2.915	4.273
<b>Total current liabilities</b>	<b>41.157</b>	<b>17.588</b>
<b>Total liabilities</b>	<b>41.157</b>	<b>17.588</b>
<b>Total equity and liabilities</b>	<b>583.282</b>	<b>414.624</b>

- Biomass of DKK 10 million and increasing
- Cash DKK 218 million, total available liquidity DKK 439 million
- Secured funding for Stage 2 expansion through NOK 300 million capital raise when operational result from 2024 and 2025 is included
- Remaining capex of DKK 30 million
- Capex remains on budget
- Total assets of DKK 583 million, increase mainly from capital increase in Q1.
- Still mainly financed by equity. Equity ratio is 93%

# Cash Flow

(figures in DKK 1000)

	Q1 2023	Q1 2022
<b>Cash flow from operations</b>		
Operating profit/loss	-7.218	-4.823
<b>Cash generated from operations</b>	<b>-5.410</b>	<b>-4.705</b>
<b>Cash flow from investment activities</b>		
Payments for fixed assets and other capitalizations	-60.319	-23.233
<b>Net cash flow from investment activities</b>	<b>-60.319</b>	<b>-23.233</b>
<b>Cash flow from financing activities</b>		
<b>Net cash flow from financing activities</b>	<b>195.393</b>	<b>0</b>
Net change in cash and cash equivalents	125.937	-29.893
Foreign exchange differences	-670	5.358
Cash and cash equivalents at the beginning of the period	93.058	252.810
<b>Cash and cash equivalents at the end of the period</b>	<b>218.325</b>	<b>228.275</b>

- Liquidity according to plan and budget
- Capital increase on NOK 300 million.
- Capex in Q1 DKK 60 million
- Cash DKK 218 million, total available liquidity DKK 439 million
- First drawdown on EUR 10 million of the EUR 25 million loan from Eksfin in April 2023.

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# ESG

## ESG performance will monitored by:

- Audit Scopes 1, 2 and 3

**GLOBALG.A.P.**



### Renewable energy



The 39,000 m<sup>2</sup> facility roof will be covered with solar panels producing 20-25% of the required energy. Gaotang Island is a net exporter of renewable energy with a 400 GWh solar and wind power plant in the immediate vicinity of the facility.

### No Air transports

Nordic Aqua is a local producer of Atlantic salmon, hence no air-transport with high carbon footprint is required to reach the market.



### Neighbours and local government

Local government and neighbours are fully supporting Nordic Aqua. Efforts are made to contribute to the local community, including creating meaningful and safe jobs in an area with declining fisheries.

### Freshwater

Freshwater is a scarce resource in China. Therefore, Nordic Aqua will produce all freshwater from the adjacent sea rather than compete with neighbours for the restricted availability

### Fertilizer

The effluent from the farm is carefully treated for all organic particles before the cleaned water is led back into the ocean. The collected waste will be fertilizing local agriculture farms.



Sea water



# Outlook and Summary

- Project on time and on budget
- Installation of RAS equipment and fish transfers moving ahead according to plan
- Good biological performance with good growth rates and low mortality
- Continue to build and strengthen organisation
- Salmon prices in China combined with competitive investment and cost level continue to support business opportunity
- Stage 2 with 8,000 tonnes production is initiated and expansion plan to reach a capacity of 20,000 tons by 2027





**Nordic  
Aqua**

